



Office of Inspector General

November 18, 2014

The Honorable Charles E. Grassley
Ranking Member
Committee on the Judiciary
United States Senate
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tom Coburn
Ranking Member
Homeland Security and Governmental Affairs
Permanent Subcommittee on Investigations
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators Grassley and Coburn:

This letter represents a follow-up to your letter of April 8, 2010, seeking information concerning the National Credit Union Administration (NCUA) Office of Inspector General's (OIG) independence in carrying out audits, investigations, and evaluations within NCUA. It is my understanding that OIGs should consider your request as "recurring" and must report to you biannually, within 30 days of the date the NCUA Board transmits this office's Semiannual Report to the Congress. The NCUA Board most recently transmitted, on November 13, 2014, the OIG's Semiannual Report to the Congress, covering the reporting period from April 1, 2014, through September 30, 2014.

Based on previous telephonic discussions between representatives of the Council of Counsels to Inspectors General (CCIG) and members of your staff, I am responding to those portions of your letter requesting that I provide (1) biannual reports on all closed investigations, evaluations, and audits conducted by my office that were not disclosed to the public; and (2) information regarding whether there are any OIG recommendations with potential monetary benefits that the NCUA has not yet fully implemented. Although I most recently responded to your request by letter dated June 30, 2014, due to the new reporting timeline, the information provided herein accords with the time period of the Semiannual Report to the Congress, covering the period April 1, 2014, through September 30, 2014.

Undisclosed Reports

All of the audit reports the NCUA OIG has issued since April 1, 2014, are publicly available. Consequently, my response below summarizes two investigative reports that the OIG issued and did not make publicly available during the reporting period.

a) Report of Investigation: Unprofessional Conduct (14-AI-CO-04)

The OIG investigated allegations from several employees concerning misconduct on the part of two senior NCUA managers. The investigation found that both managers exhibited unprofessional conduct in their dealings with subordinate staff members. The OIG issued a Report of Investigation. The case is closed.

b) Report of Investigation: Unprofessional Conduct (13-AI-RI-04)

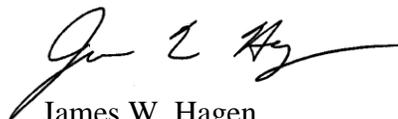
The OIG received a complaint that an NCUA examiner, in the course of conducting an examination at a credit union, made intimidating comments to one of the credit union's vendors, potentially threatening the vendor's business standing in the credit union community. While the investigation could not substantiate the allegations, it did find that the examiner's behavior in dealing with credit union officials and the vendor was unprofessional. The OIG issued a Report of Investigation and closed this case during this reporting period.

Outstanding Recommendations

For the period from April 1, 2014, through September 30, 2014, there are no outstanding OIG recommendations with potential monetary benefits that have not been fully implemented by the NCUA.

I appreciate your efforts to ensure that Inspectors General have the independence necessary to carry out audits, evaluations, and investigations within our respective agencies. Should you wish additional information on any of the items I delineated above, please do not hesitate to contact me at (703) 518-6351 or my Counsel, Sharon Separ, at (703) 518-6352.

Sincerely,



James W. Hagen
Inspector General